

**UNITED WAY OF RUTHERFORD AND CANNON COUNTIES  
(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**YEARS ENDING JUNE 30, 2017 AND 2016**

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
United Way of Rutherford and Cannon Counties

We have audited the accompanying financial statements of United Way of Rutherford and Cannon Counties (a nonprofit organization) which comprise the statement of financial position as of June 30, 2017 and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Rutherford and Cannon Counties as of June 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

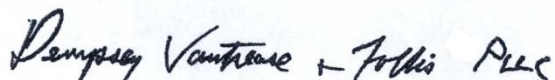
## Prior Period Financial Statements

The financial statements of United Way of Rutherford and Cannon Counties as of June 30, 2016, were audited by other auditors whose report dated August 23, 2016, expressed an unmodified opinion on those financial statements.

## Other matters

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 18 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The supplementary information on page 19, which is the responsibility of management, is of a nonaccounting nature and has not been subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or provide any assurance for that schedule.



*Dempsey Vantrone + Folli PLLC*

Murfreesboro, Tennessee  
August 2, 2017

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2017 and 2016

|   | 2017                | 2016                |
|---|---------------------|---------------------|
| <b>ASSETS</b>   |                     |                     |
| Cash and cash equivalents   | \$ 986,623          | \$ 1,300,262        |
| Pledges receivable  | 1,172,709           | 1,258,090           |
| Prepaid expenses  | 26,197              | 26,459              |
| Property and Equipment, net   | 167,543             | 185,180             |
| Investments   | 1,028,336           | 904,030             |
| Beneficial interest in assets held by Community Foundation<br>of Middle Tennessee | 68,053              | 61,591              |
| Cash surrender value of donor life insurance policy                               | 48,427              | 29,123              |
| <b>TOTAL ASSETS</b>   | <b>\$ 3,497,888</b> | <b>\$ 3,764,735</b> |
| <b>LIABILITIES</b>  |                     |                     |
| Accounts payable  | \$ 27,977           | \$ 21,368           |
| Allocations due to agencies   | 1,605,367           | 1,660,695           |
| Due to designated agencies  | 419,090             | 462,216             |
| Deferred revenue  | 67,360              | 39,886              |
| Community needs assessment  | 3,750               | 3,750               |
| Accrued expenses  | 29,468              | 25,529              |
| <b>TOTAL LIABILITIES</b>  | <b>2,153,012</b>    | <b>2,213,444</b>    |
| <b>NET ASSETS</b>   |                     |                     |
| Unrestricted net assets   | 222,878             | 393,283             |
| Temporarily restricted  | 1,121,998           | 1,158,008           |
| <b>TOTAL NET ASSETS</b>   | <b>1,344,876</b>    | <b>1,551,291</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>   | <b>\$ 3,497,888</b> | <b>\$ 3,764,735</b> |

See notes to the financial statements and independent auditors' report.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES  
STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017 and 2016

|   | 2017              |                           |                     | 2016              |                           |                     |
|---|-------------------|---------------------------|---------------------|-------------------|---------------------------|---------------------|
|   | Unrestricted      | Temporarily<br>Restricted | Total               | Unrestricted      | Temporarily<br>Restricted | Total               |
| <b>Public Support and Revenues:</b>   |                   |                           |                     |                   |                           |                     |
| <b>Campaign results for prior years:</b>  |                   |                           |                     |                   |                           |                     |
| Gross campaign results - prior years  | \$ 164,818        | \$ -                      | \$ 164,818          | \$ 110,612        | \$ -                      | \$ 110,612          |
| Prior year campaign released from restriction                                     | 1,100,018         | (1,100,018)               | -                   | 1,129,813         | (1,129,813)               | -                   |
| Total campaign results - prior years  | 1,264,836         | (1,100,018)               | 164,818             | 1,240,425         | (1,129,813)               | 110,612             |
| Less donor designations   | (5,192)           | -                         | (5,192)             | (6,261)           | -                         | (6,261)             |
| Less provision for uncollectible pledges  | (8,516)           | -                         | (8,516)             | -                 | -                         | -                   |
| Net campaign revenue prior year   | 1,251,128         | (1,100,018)               | 151,110             | 1,234,164         | (1,129,813)               | 104,351             |
| Gross campaign results - current year   | 1,818,716         | 1,064,008                 | 2,882,724           | 1,886,241         | 1,158,008                 | 3,044,249           |
| Less donor designations   | (461,548)         | -                         | (461,548)           | (460,528)         | -                         | (460,528)           |
| Less provision for uncollectible pledges  | (324,630)         | -                         | (324,630)           | (317,822)         | -                         | (317,822)           |
| Net campaign revenue - current year   | 1,032,538         | 1,064,008                 | 2,096,546           | 1,107,891         | 1,158,008                 | 2,265,899           |
| Total campaign revenue  | 2,283,666         | (36,010)                  | 2,247,656           | 2,342,055         | 28,195                    | 2,370,250           |
| Other contributions   | 110,971           | -                         | 110,971             | 55,663            | -                         | 55,663              |
| Special event revenue   | 55,462            | -                         | 55,462              | 68,728            | -                         | 68,728              |
| Program revenues  | 213,414           | -                         | 213,414             | 186,983           | -                         | 186,983             |
| <b>TOTAL SUPPORT AND REVENUES</b>   | <b>2,663,513</b>  | <b>(36,010)</b>           | <b>2,627,503</b>    | <b>2,653,429</b>  | <b>28,195</b>             | <b>2,681,624</b>    |
| <b>Expenses:</b>  |                   |                           |                     |                   |                           |                     |
| <b>Program services</b>   |                   |                           |                     |                   |                           |                     |
| Gross funds awarded to agencies   | 2,193,959         | -                         | 2,193,959           | 2,146,821         | -                         | 2,146,821           |
| Less: donor designations  | (461,548)         | -                         | (461,548)           | (460,528)         | -                         | (460,528)           |
| Net funds awarded to agencies   | 1,732,411         | -                         | 1,732,411           | 1,686,293         | -                         | 1,686,293           |
| Community Building Initiatives  | 662,774           | -                         | 662,774             | 571,803           | -                         | 571,803             |
| Total Program services  | 2,395,185         | -                         | 2,395,185           | 2,258,096         | -                         | 2,258,096           |
| <b>Supporting services</b>  |                   |                           |                     |                   |                           |                     |
| Management and general  | 312,011           | -                         | 312,011             | 316,404           | -                         | 316,404             |
| Fundraising   | 201,516           | -                         | 201,516             | 160,227           | -                         | 160,227             |
| <b>TOTAL EXPENSES</b>   | <b>2,908,712</b>  | <b>-</b>                  | <b>2,908,712</b>    | <b>2,734,728</b>  | <b>-</b>                  | <b>2,734,728</b>    |
| <b>INCOME (LOSS) FROM OPERATIONS</b>  | <b>(245,199)</b>  | <b>(36,010)</b>           | <b>(281,209)</b>    | <b>(81,299)</b>   | <b>28,195</b>             | <b>(53,104)</b>     |
| <b>Non-operating income and expenses:</b>   |                   |                           |                     |                   |                           |                     |
| Change in value of beneficial interest in assets held by The Community Foundation | 6,957             | -                         | 6,957               | (1,338)           | -                         | (1,338)             |
| Net unrealized/realized gain on securities  | 56,959            | -                         | 56,959              | (1,173)           | -                         | (1,173)             |
| Net premium outlay on life insurance policy                                       | (19,187)          | -                         | (19,187)            | (20,877)          | -                         | (20,877)            |
| Other income  | 25                | -                         | 25                  | 225               | -                         | 225                 |
| Dividend and interest income  | 30,040            | -                         | 30,040              | 33,938            | -                         | 33,938              |
| <b>TOTAL NON-OPERATING SUPPORT</b>  | <b>74,794</b>     | <b>-</b>                  | <b>74,794</b>       | <b>10,775</b>     | <b>-</b>                  | <b>10,775</b>       |
| <b>CHANGE IN NET ASSETS</b>   | <b>(170,405)</b>  | <b>(36,010)</b>           | <b>(206,415)</b>    | <b>(70,524)</b>   | <b>28,195</b>             | <b>(42,329)</b>     |
| Acquisition of Rutherford Books from Birth Net assets, beginning of year          | -                 | -                         | -                   | 57,095            | -                         | 57,095              |
|   | 393,283           | 1,158,008                 | 1,551,291           | 406,712           | 1,129,813                 | 1,536,525           |
| <b>Net assets, end of year</b>  | <b>\$ 222,878</b> | <b>\$ 1,121,998</b>       | <b>\$ 1,344,876</b> | <b>\$ 393,283</b> | <b>\$ 1,158,008</b>       | <b>\$ 1,551,291</b> |

See notes to the financial statements and independent auditors' report.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2017

|                                 | Program Services               | Supporting Services |                        | Total               |
|---------------------------------|--------------------------------|---------------------|------------------------|---------------------|
|                                 | Community Building Initiatives | Fundraising         | Management and General |                     |
| Salaries and wages              | \$ 250,410                     | \$ 125,205          | \$ 168,754             | \$ 544,369          |
| Payroll taxes and benefits      | 60,843                         | 30,421              | 41,003                 | 132,267             |
|                                 | <u>311,253</u>                 | <u>155,626</u>      | <u>209,757</u>         | <u>676,636</u>      |
| Grant funding expenses          | 7,308                          | -                   | -                      | 7,308               |
| Books from birth expenses       | 145,508                        | -                   | -                      | 145,508             |
| Bank services fees              | 15                             | 1,003               | -                      | 1,018               |
| Promotional items               | 2,011                          | 589                 | 1,970                  | 4,570               |
| Conference fees                 | 2,042                          | 598                 | 2,000                  | 4,640               |
| Depreciation                    | 12,703                         | 3,718               | 12,449                 | 28,870              |
| Equipment maintenance/rental    | 2,864                          | 838                 | 2,806                  | 6,508               |
| Special Event expense           | 61,277                         | 14,330              | -                      | 75,607              |
| General insurance               | 2,681                          | 785                 | 2,626                  | 6,092               |
| Other insurance                 | -                              | 2,647               | 8,863                  | 11,510              |
| Investment fees                 | 5,363                          | 1,563               | 5,233                  | 12,159              |
| Meetings                        | -                              | 1,293               | -                      | 1,293               |
| Dues and subscriptions          | -                              | -                   | 2,610                  | 2,610               |
| United Way World Wide dues      | 30,195                         | 1,887               | 5,662                  | 37,744              |
| 211 Dues                        | 23,918                         | -                   | -                      | 23,918              |
| Miscellaneous                   | 2,796                          | 769                 | 2,574                  | 6,139               |
| Rent                            | 14,570                         | 4,265               | 14,278                 | 33,113              |
| Office supplies                 | 2,076                          | 605                 | 2,025                  | 4,706               |
| Professional services           | 20,849                         | 6,296               | 21,079                 | 48,224              |
| Postage                         | 1,758                          | 8                   | 2,230                  | 3,996               |
| Printing and publication        | 4,388                          | 1,304               | 4,364                  | 10,056              |
| Software                        | 281                            | 82                  | 276                    | 639                 |
| Taxes                           | 114                            | 34                  | 112                    | 260                 |
| Travel                          | 5,034                          | 1,524               | 5,100                  | 11,658              |
| Telephone                       | 3,075                          | 1,550               | 5,315                  | 9,940               |
| Staff appreciation              | 695                            | 203                 | 681                    | 1,579               |
|                                 | <u>662,774</u>                 | <u>201,516</u>      | <u>312,011</u>         | <u>1,176,301</u>    |
| TOTAL OPERATIONS                |                                |                     |                        |                     |
| Gross funds awarded to agencies | 2,193,959                      | -                   | -                      | 2,193,959           |
| Less: donor designations        | (461,548)                      | -                   | -                      | (461,548)           |
|                                 | <u>1,732,411</u>               | <u>-</u>            | <u>-</u>               | <u>1,732,411</u>    |
| Net allocation                  |                                |                     |                        |                     |
| TOTAL EXPENSES                  | \$ <u>2,395,185</u>            | \$ <u>201,516</u>   | \$ <u>312,011</u>      | \$ <u>2,908,712</u> |

See notes to the financial statements and independent auditors' report.

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2016

|                                 | Program Services               | Supporting Services |                        | Total               |
|---------------------------------|--------------------------------|---------------------|------------------------|---------------------|
|                                 | Community Building Initiatives | Fundraising         | Management and General |                     |
| Salaries and wages              | \$ 209,166                     | \$ 104,646          | \$ 160,647             | \$ 474,459          |
| Payroll taxes and benefits      | 51,160                         | 9,954               | 62,607                 | 123,721             |
|                                 | <u>260,326</u>                 | <u>114,600</u>      | <u>223,254</u>         | <u>598,180</u>      |
| Grant funding expenses          | 9,023                          | -                   | -                      | 9,023               |
| Books from birth expenses       | 97,405                         | -                   | -                      | 97,405              |
| Bank services fees              | 5                              | 410                 | 1,373                  | 1,788               |
| Promotional items               | 1,083                          | 1,394               | 1,378                  | 3,855               |
| Conference fees                 | 660                            | 1,790               | 2,235                  | 4,685               |
| Depreciation                    | 11,083                         | 3,244               | 10,862                 | 25,189              |
| Equipment maintenance/rental    | 2,901                          | 2,018               | 6,758                  | 11,677              |
| Special event expense           | 67,121                         | 17,871              | -                      | 84,992              |
| General insurance               | 2,596                          | 735                 | 2,462                  | 5,793               |
| Investment fees                 | 4,909                          | 1,437               | 4,810                  | 11,156              |
| Meetings                        | 1,531                          | 46                  | 153                    | 1,730               |
| Dues and subscriptions          | -                              | -                   | 1,652                  | 1,652               |
| United Way World Wide dues      | 29,542                         | 1,846               | 5,539                  | 36,928              |
| 211 Dues                        | 23,000                         | -                   | -                      | 23,000              |
| Miscellaneous                   | 2,878                          | 845                 | 2,831                  | 6,554               |
| Rent                            | 14,570                         | 4,265               | 14,278                 | 33,113              |
| Office supplies                 | 2,127                          | 63                  | 2,709                  | 4,899               |
| Professional services           | 22,575                         | 5,414               | 18,123                 | 46,112              |
| Postage                         | 2,925                          | 832                 | 2,787                  | 6,544               |
| Printing and publication        | 5,152                          | 880                 | 5,207                  | 11,239              |
| Signage                         | 143                            | 42                  | 140                    | 325                 |
| Software                        | 40                             | 12                  | 39                     | 91                  |
| Taxes                           | 54                             | 16                  | 52                     | 122                 |
| Travel                          | 6,405                          | 1,312               | 4,394                  | 12,111              |
| Telephone                       | 3,220                          | 1,000               | 4,852                  | 9,072               |
| Staff appreciation              | 529                            | 154                 | 517                    | 1,200               |
|                                 | <u>571,803</u>                 | <u>160,227</u>      | <u>316,404</u>         | <u>1,048,435</u>    |
| TOTAL OPERATING EXPENSES        |                                |                     |                        |                     |
| Gross funds awarded to agencies | 2,146,821                      | -                   | -                      | 2,146,821           |
| Less: donor designations        | (460,528)                      | -                   | -                      | (460,528)           |
|                                 | <u>1,686,293</u>               | <u>-</u>            | <u>-</u>               | <u>1,686,293</u>    |
| Net allocation                  |                                |                     |                        |                     |
| TOTAL EXPENSES                  | \$ <u>2,258,096</u>            | \$ <u>160,227</u>   | \$ <u>316,404</u>      | \$ <u>2,734,728</u> |

See notes to the financial statements and independent auditors' report.



UNITED WAY OF RUTHERFORD AND CANNON COUNTIES  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

|   | 2017         | 2016         |
|---|--------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                      |              |              |
| Change in net assets  | \$ (206,415) | \$ (42,579)  |
| To reconcile change in net assets to net cash provided by operating activities    |              |              |
| Depreciation  | 28,870       | 25,189       |
| Change in value of beneficial interest in assets held by The Community Foundation | (6,954)      | -            |
| Earnings on investments   | (28,498)     | (33,938)     |
| Fees paid on investments  | 12,152       | 11,156       |
| Net unrealized and realized (gains) losses on investments                         | (57,016)     | 2,511        |
| Gain on sale of equipment   | -            | 25           |
| Acquisition of Rutherford Books from Birth Program                                | -            | 57,095       |
| (Increase) decrease in:   |              |              |
| Pledges receivable, net   | 85,381       | (42,743)     |
| Prepaid expenses  | 262          | (918)        |
| Cash surrender value of donor life insurance policy                               | (19,304)     | (29,123)     |
| Increase (decrease) in:   |              |              |
| Accounts payable  | 10,548       | (40,451)     |
| Accrued expenses  |              | 13,987       |
| Deferred revenue  | 27,474       | 6,982        |
| Due to designated agencies  | (43,126)     | 26,913       |
| Due to agencies   | (55,328)     | 37,300       |
|   | (251,954)    | (8,594)      |
| <b>NET CASH USED IN OPERATING ACTIVITIES</b>                                      |              |              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                      |              |              |
| Proceeds from sale of equipment   | -            | 225          |
| Purchase of property, plant and equipment   | (11,233)     | (8,254)      |
| Proceeds from sale of investments   | 204,497      | 397,638      |
| Purchase of investments   | (254,949)    | (396,226)    |
|   | (61,685)     | (6,617)      |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                                      |              |              |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                                  | (313,639)    | (15,211)     |
| Cash and cash equivalents, beginning of year                                      | 1,300,262    | 1,315,473    |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                                     | \$ 986,623   | \$ 1,300,262 |

See notes to the financial statements and independent auditors' report.

**UNITED WAY OF RUTHERFORD AND CANNON COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

The United Way of Rutherford County dba United Way of Rutherford and Cannon Counties (the Organization) is a member of United Way World Wide. The Organization's mission is to improve lives by advancing opportunities for education, health, and financial stability for all. The Organization serves as a primary community solutions leader that produces measurable, sustainable results through mobilizing and engaging businesses, other non profits, individuals, and governmental agencies to build a stronger community.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) 958, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958 the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or Management.

Temporarily restricted net assets - net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset class.

Permanently restricted net assets - net assets subject to donor-imposed stipulations to be maintained in perpetuity by the Organization. The Organization did not have any permanently restricted net assets at June 30, 2017.

Public Support and Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Time and purpose restricted contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction or fulfillment of the purpose restriction. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

**UNITED WAY OF RUTHERFORD AND CANNON COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017 AND 2016**

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

The Organization's cash and cash equivalents consist of demand deposits with banks with maturities of three months or less.

The Organization maintains its operating bank accounts primarily at one financial institution. The Federal Deposit Insurance Corporation ("FDIC") insures accounts at this financial institution. The Organization maintains its cash in bank deposit accounts which, at times, may exceed FDIC limits. The Organization has not experienced any losses in such accounts.

Investments

Investments are in marketable securities and mutual funds and are reported at fair value. The fair value of marketable securities and mutual funds is determined by reference to quoted market prices. Realized and unrealized gain and losses are included in the statement of activities.

Pledges receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value, based on prior years' experience and management's analysis of specific promises made. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in public support and revenues. Conditional promises to give are not included as support until such time as the conditions are substantially met.

The Organization utilizes historical data as well as management's opinion of current economic conditions to estimate the allowance for uncollectible pledges. Pledges not collected approximately twelve months after the Organization concludes its annual fundraising campaign become delinquent and are written off during the subsequent six to nine months.

Property and Equipment, net

Property and equipment are recorded at cost or fair value at the date of gift for donated property. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Expenditures for maintenance, repairs and renewals are charged to operations as incurred, and betterments greater than \$1,000 are capitalized. The building improvements are depreciated over 10 years and furniture and equipment over 5-7 years.

Federal Income Taxes

The Organization is an exempt organization under Internal Revenue Service Code Section 501(c)(3) accordingly, no provision for income taxes has been made in these financial statements. The Academy accounts for uncertainties in income tax law under the Financial Accounting Standards Board (FASB) Accounting Standards Codification 740-10.

**UNITED WAY OF RUTHERFORD AND CANNON COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017 AND 2016**

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

ASC 740-10 prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. ASC 740-10 requires that the tax effects of a position be recognized only if it is “more-likely-than-not” to be sustained by the taxing authority as of the reporting date. If the tax position is not considered “more-likely-than-not” to be sustained, then no benefits of the position are to be recognized. The Organization has estimated that there are no unrecognized tax positions as of June 30, 2017 and 2016. At June 30, 2017, the Organization’s tax returns related to fiscal years ended June 30, 2014 through June 30, 2016 remain open to examination by the tax authorities.

Deferred Revenue

Deferred revenue results from the Organization recognizing contributions and public support in the period in which the annual campaign is attributable. Accordingly, contributions for events and campaigns attributable to the subsequent year are deferred until the proper period.

Reclassifications

Certain balances in the prior fiscal year have been reclassified to conform with the presentation in the current fiscal year.

Fair value measurements

The Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification estimates a fair value hierarchy that prioritizes the inputs valuation techniques used to measure fair value. This hierarchy consists of three levels: Level 1 inputs consists of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on available inputs to measure the fair value instruments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs would be used only when Level 1 and Level 2 were not available.

Designated pledges

A designated pledge is a contribution to the Organization that is to be paid to a donor specified charity. This is an agency transaction that is recorded as a liability and is not included in public support and revenue.

The Organization’s policy is for the community investment committee, which is made up community volunteers, to set investment amounts per program with designated donor contributions being the first dollars in. Any supplemental amount is invested from the unrestricted pool.

Functional expenses

The Organization’s expenses are allocated to its programs and supporting services based upon direct expenditures incurred. Any expenditure that is not directly allocated is allocated among program and supporting services based upon an analysis of personnel time allocated to each function.

**UNITED WAY OF RUTHERFORD AND CANNON COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017 AND 2016**

**NOTE B – PLEDGES RECEIVABLE**

Included in pledges receivable are the following unconditional promises to give as of June 30, 2017 and 2016:

|  | <u>2017</u>         |                | <u>2016</u>         |
|--|---------------------|----------------|---------------------|
| 2015 Campaign:                           |                     | 2014 Campaign: |                     |
| Undesignated                             | \$ 388,290          | Undesignated   | \$ 292,056          |
| Designated                               | -                   | Designated     | -                   |
| 2016 Campaign:                           |                     | 2015 Campaign: |                     |
| Undesignated                             | 1,192,363           | Undesignated   | 1,324,698           |
| Designated                               | 230,774             | Designated     | 230,264             |
| 2017 Campaign:                           |                     | 2016 Campaign: |                     |
| Undesignated                             | 12,250              | Undesignated   | 20,950              |
| Designated                               | -                   | Designated     | -                   |
| Total                                    | <u>1,823,677</u>    |                | <u>1,867,968</u>    |
| Less allowance for uncollectible pledges | (650,968)           |                | (609,878)           |
| Total pledges receivable                 | <u>\$ 1,172,709</u> |                | <u>\$ 1,258,090</u> |

All pledge receivables are deemed collectible within one year therefore no estimation by discounting of future cash flows using a risk-free rate of return is required.

**NOTE C - INVESTMENTS**

Investments are stated at fair value and are summarized as follows as of June 30, 2017 and 2016:

|                         | <u>Fair Value</u>   | <u>Cost</u>       | <u>Fair Value</u> | <u>Cost</u>       |
|-------------------------|---------------------|-------------------|-------------------|-------------------|
| Equity securities       | \$ 529,138          | \$ 447,199        | \$ 448,571        | \$ 425,839        |
| Fixed income securities | 254,398             | 227,527           | 236,535           | 250,591           |
| Mutual funds            | 244,800             | 260,549           | 218,924           | 206,496           |
|                         | <u>\$ 1,028,336</u> | <u>\$ 935,276</u> | <u>\$ 904,030</u> | <u>\$ 882,926</u> |

**UNITED WAY OF RUTHERFORD AND CANNON COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017 AND 2016**

**NOTE D - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of June 30, 2017 and 2016:

|                                    | 2017       | 2016       |
|------------------------------------|------------|------------|
| Computers and office equipment     | \$ 71,701  | \$ 60,469  |
| Furniture, fixtures, and equipment | 39,964     | 39,964     |
| Leasehold improvements             | 164,412    | 164,412    |
| Totals                             | 276,077    | 264,845    |
| Less accumulated depreciation      | (108,534)  | (79,665)   |
| Property and equipment, net        | \$ 167,543 | \$ 185,180 |

During the year ending June 30, 2017 and 2016, depreciation totaled \$28,870 and \$25,189, respectively.

**NOTE E – FAIR VALUE MEASUREMENTS**

Fair value measurements as of June 30, 2017 and 2016 are determined as follows:

|   | 2017         |   |   |   |
|---|--------------|---|---|---|
|   | Fair Value   | Quoted Prices<br>in Active Markets<br>for Identical<br>Assets (Level 1) | Significant<br>Other Observable<br>Inputs (Level 2) | Significant<br>Unobservable<br>Inputs (Level 3) |
| Beneficial interest in<br>assets held by others | \$ 68,053    | \$ -  | \$ 68,053   | \$ -  |
| Investments:                                    |              |   |   |   |
| Equity securities                               | 529,138      | 529,138   | -   | -   |
| Fixed income securities                         | 254,398      | 254,398   | -   | -   |
| Mutual funds                                    | 244,800      | 244,800   | -   | -   |
|   | \$ 1,096,389 | \$ 1,028,336  | \$ 68,053   | \$ -  |

|   | 2016       |   |   |   |
|---|------------|---|---|---|
|   | Fair Value | Quoted Prices<br>in Active Markets<br>for Identical<br>Assets (Level 1) | Significant<br>Other Observable<br>Inputs (Level 2) | Significant<br>Unobservable<br>Inputs (Level 3) |
| Beneficial interest in<br>assets held by others | \$ 61,591  | \$ -  | \$ 61,591   | \$ -  |
| Equity securities                               | 448,571    | 448,571   | -   | -   |
| Fixed income securities                         | 236,535    | 236,535   | -   | -   |
| Mutual funds                                    | 218,924    | 218,924   | -   | -   |
|   | \$ 965,621 | \$ 904,030  | \$ 61,591   | \$ -  |

**UNITED WAY OF RUTHERFORD AND CANNON COUNTIES  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017 AND 2016**

**NOTE F - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

Beneficial interests in assets held by others represent assets transferred to and held by the Community Foundation of Middle Tennessee, Inc. (the Foundation)The Foundation has variance power and is the legal owner of the funds contributed by the Organization. The Organization is the beneficiary of the fund and receives distributions of income, subject to the Foundation's spending policy. Under FASB ASC 958-605 the Organization accounts for its beneficial interest in the Foundation as an asset and is valued at fair market value based upon its proportional share of the value of the trust assets.

**NOTE G – RESTRICTION ON AND DESIGNATIONS OF NET ASSETS**

Net assets released from the restrictions during the year ended June 30, 2017 and 2016 were comprised of the following:

|                                       | <u>2017</u>         | <u>2016</u>         |
|---------------------------------------|---------------------|---------------------|
| Campaign 2015 and 2014, respectively  | \$ 1,100,018        | \$ 1,125,613        |
| Mott Industries grant                 | -                   | 4,200               |
| Net assets released from restrictions | <u>\$ 1,100,018</u> | <u>\$ 1,129,813</u> |

**NOTE H – RESTRICTION ON AND DESIGNATIONS OF NET ASSETS (CONTINUED)**

Unrestricted net assets at June 30, 2017 and 2016 are as follows:

|                                       | <u>2017</u>       | <u>2016</u>       |
|---------------------------------------|-------------------|-------------------|
| Board designated for operations       | \$ 244,801        | \$ 218,717        |
| Board designated for agency endowment | 68,053            | 61,591            |
| Unrestricted, undesignated            | (89,975)          | 112,975           |
|                                       | <u>\$ 222,879</u> | <u>\$ 393,283</u> |

Temporarily restricted net assets at June 30, 2017 and 2016 are as follows:

|                                      | <u>2017</u>         | <u>2016</u>         |
|--------------------------------------|---------------------|---------------------|
| Campaign 2016 and 2015, respectively | <u>\$ 1,121,998</u> | <u>\$ 1,158,008</u> |

**NOTE I – SIMPLE IRA PENSION PLAN**

The Organization adopted a Simple IRA plan effective July 1, 2005 for the benefit of eligible employees. An employee is eligible for participation if they had compensation of \$5,000 or more during the prior year. For each of the years June 30, 2017 and 2016 the board approved a matching contribution of up to 3% of each participant's compensation.

For the years ended June 30, 2017 and 2016 retirement expense totaled \$9,331 and \$8,562, respectively.

**UNITED WAY OF RUTHERFORD AND CANNON COUNTIES  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017 AND 2016**

**NOTE J – LEASES**

The Organization entered into an operating lease for office space for 10 years with an option to extend the term for an additional 5 year period. The monthly rent due under this lease for the first year was \$2,520. Annual rent for each successive year after the first year will increase by 2%. The Lessor and the Organization can terminate the lease with a 30 day notice to the other party only for failure of the other party to fulfill its obligations under the lease.

The Organization leased office equipment with operating agreements of varying lengths.

For the years ended June 30, 2017 and 2016 ended total rent expense was \$33,113 and \$33,113, respectively, and was included in management and general, fundraising, and program expenses in the accompanying financial statements.

The future minimum lease payments due are as follows:

| <u>June 30,</u> |    |                       |
|-----------------|----|-----------------------|
| 2018            | \$ | 36,736                |
| 2019            |    | 32,088                |
| 2020            |    | 32,736                |
| 2021            |    | 33,384                |
| 2022            |    | 34,056                |
| Therafter       |    | <u>106,320</u>        |
| TOTAL           | \$ | <u><u>275,320</u></u> |

**NOTE K – CONCENTRATIONS OF RISK**

The Organization’s support and revenue for the year ended June 30, 2017 and 2016 are approximately 90% and 94% from pledges promised or received in its Fall 2016 and 2015 fundraising campaigns, respectively.

**NOTE L – OTHER ASSET**

During the years ended June 30, 2017 and 2016, a donation was received by the Organization in the form of a life insurance policy on the life of a donor in which the Organization was named as the owner and beneficiary. The donor contributes \$50,000 annually to Organization by depositing cash into an investment account under the name of the Organization. In turn, the life insurance company uses the \$50,000 deposited into the investment account to pay the premium on the policy. The Organization has recorded the balance of the life insurance policy as an “other asset” on the balance sheet. As of June 30, 2017 and 2016 the value of the assets within the program totaled \$48,427 and \$29,123



**UNITED WAY OF RUTHERFORD AND CANNON COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2017 AND 2016**

**NOTE M – SUBSEQUENT EVENTS**

As of the date of the financial statements no events or transactions have transpired that would have a material effect on the balances reported herein as of June 30, 2017 or that would significantly impact the Organization's ongoing operations.

The Organization has evaluated subsequent events through August 2, 2017 which is the date the financial statements were available to be issued.

**NOTE N – CHANGE IN REPORTING OF EXPENSES**

In prior years awards paid to agencies designated by donors were included in the total agency allocation in the financial statements. These payments to designated agencies are now not being included in total expenses since the contribution by the donor is not considered revenue. General and administrative expenses and fundraising as a percent of total expenses including designated gifts in 2016 would have been 14.91%. For 2017, this percentage of total expenses including designated gifts would have been 15.23%.

## **SUPPLEMENTAL INFORMATION**

UNITED WAY OF RUTHERFORD AND CANNON COUNTIES  
SCHEDULES OF AMOUNTS GIVEN TO AGENCIES (CASH BASIS)  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

|  | <u>2017</u>         | <u>2016</u>         |
|--|---------------------|---------------------|
| ACE Learning Center                                      | \$ 94,880           | \$ 87,839           |
| Big Brothers Big Sisters of Middle Tennessee             | 36,160              | 54,428              |
| Boy Scouts of America                                    | 15,964              | 24,927              |
| Boys & Girls Clubs of Rutherford County                  | 163,446             | 120,687             |
| Cannon County Imagination Library Cannon Reads           | 5,000               | -                   |
| Cannon County Rescue Squad                               | 5,855               | 6,000               |
| Cannon County Senior Citizens Center                     | 29,467              | 40,999              |
| CASA of Rutherford County                                | 25,389              | 28,006              |
| Child Advocacy Center of Rutherford County, Inc          | 184,119             | 114,896             |
| Children's Museum Corporation of Rutherford County       | 17,602              | -                   |
| Community Food Partners- 2nd Harvest                     | -                   | 21,418              |
| Community Helpers-Rutherford County                      | 150,000             | 244,500             |
| Crisis Intervention Center                               | -                   | 13,361              |
| Discovery Center- Project Reach Out                      | -                   | 15,406              |
| Domestic Violence Program, Inc                           | 49,539              | 45,704              |
| Exchange Club Family Center, Inc                         | 40,610              | 38,000              |
| Family and Children's Services                           | 4,710               | -                   |
| Girl Scouts of Middle Tennessee                          | 14,185              | 28,929              |
| Heart of Tenn Chapter American Red Cross                 | 78,242              | 99,688              |
| Holloway Harbor  | 3,046               | 4,500               |
| Hospice of Murfreesboro - MTMC                           | -                   | 19,521              |
| Interfaith Dental Clinic*                                | 33,062              | 8,500               |
| Journey's in Community Living                            | 92,501              | 87,217              |
| Kymari House, Inc.                                       | 19,520              | 10,000              |
| Legal Aid Society of Middle TN and the Cumberlands       | 15,300              | 17,000              |
| MCHRA Homemaker Program                                  | 166,405             | 50,000              |
| MCHRA Meals on Wheels                                    | -                   | 49,979              |
| MCHRA Youth-CAN  | -                   | 58,308              |
| MCS - Franklin Heights Tutoring                          | 17,500              | 19,000              |
| Mindful Care Adult Day Services                          | 5,000               | 5,000               |
| Nurses for Newborns of Tennessee                         | 14,898              | 14,268              |
| Project Transformation Tennessee Inc.                    | 28,538              | -                   |
| Read to Succeed*   | 20,000              | 8,000               |
| Rutherford Co Emergency Food Bank                        | 40,304              | 54,353              |
| Rutherford Co Primary Care & Hope Clinic                 | 101,194             | 67,571              |
| Rutherford County Books from Birth                       | -                   | 8,000               |
| Rutherford County Schools' Charity Fund                  | 28,949              | 22,990              |
| Rutherford County Habitat for Humanity                   | 16,000              | -                   |
| Second Harvest Food Bank                                 | 12,028              | -                   |
| Sexual Assault Services of the Domestic Violence Program | -                   | 12,440              |
| Smyrna-LaVergne Food Bank                                | 76,692              | 77,108              |
| Special Kids   | 7,807               | -                   |
| St. Clair Senior Center                                  | 43,356              | 45,520              |
| Students Taking a Right Stand (STARS)                    | 157,129             | 87,649              |
| Tennessee Poison Center                                  | 11,948              | 12,000              |
| The Guidance Center                                      | 43,800              | 44,725              |
| The Salvation Army                                       | 111,054             | 112,284             |
| Wee Care Day Care  | 27,481              | 25,151              |
| West Main Mission  | 13,897              | 53,921              |
| Totals   | <u>\$ 2,022,577</u> | <u>\$ 1,959,793</u> |

See notes to the financial statements and independent auditors' report.

**UNITED WAY OF RUTHERFORD AND CANNON COUNTIES  
SCHEDULE OF INVESTMENT IN COMMUNITY  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

From July 1, 2016 to June 30, 2017, United Way of Rutherford and Cannon Counties was able to see a \$14 return for every one dollar invested in United Way, an increase from an estimated \$13 return last year.

For the year ended June 30, 2017, \$2,037,163 was returned back into the community through the Volunteer Income Tax Assistance Program and \$836,146 was saved by the FamilyWize Prescription Discount Program. United Way also recruited volunteers, making a \$146,457 impact throughout this time frame. United Way also organized several volunteer events (Stuff the Bus and the Community Baby Shower) that resulted in \$57,500 worth of in-kind donations of supplies and materials.

Additionally, United Way invested \$2,094,690 in the areas of education, income, and health to improve lives in Rutherford and Cannon counties. United Way partner programs were able to leverage \$872,299 in additional funds because of their partnership with United Way. United Way was also the sole provider of the 2-1-1 program to Rutherford and Cannon counties with an investment of \$24,042.

From July 1, 2015 to June 30, 2016, United Way of Rutherford and Cannon Counties was able to see a \$13.10 return for every \$1 invested in the operation of United Way.

For the year ended June 30, 2016 \$1,219,228 was returned back to the community through the Volunteer income Tax Assistance Program and \$699,255 was saved by the FamilyWize Prescription Discount Program. United Way also recruited volunteers, making a \$155,930 impact throughout this time frame. United Way also organized several volunteer events (Hometown Huddle, Stuff the Bus and the Community Baby Shower) that resulted in \$45,119 worth of in-kind donations and supplies and materials.

Additionally, United Way invested \$2,884,506 in the areas of education, income and health to improve lives in Rutherford and Cannon counties. United Way partner programs were able to leverage \$1,312,482 in additional funds because of their partnership with United Way. United Way was also the sole provider of the 2-1-1 program to Rutherford and Cannon counties with an investment of \$23,000.